New Hampshire Department of Health and Human Services

Public Hearing for NH's "Building Capacity for Transformation" Section 1115 Demonstration Waiver

May 12, 2014

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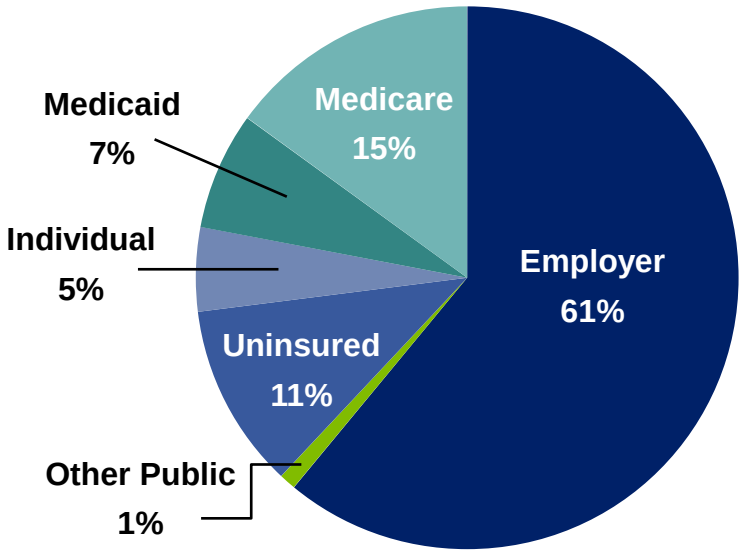
Current Health Care Landscape in New Hampshire

- As of July 2012, the State of New Hampshire had 1.3 million residents and varies in population density per geographic area.
- This population accesses health care through either Medicaid, Medicare, or private insurance. The chart to the right shows a breakdown of the 2010-2011 population by health coverage source, including the estimated uninsured population.
- New Hampshire is consistently ranked as one of the healthiest states in the US according to United Health Foundation's America's Health Rankings, but there is still more work to do…
- The State saw an increase in ER visits for patients with opioids or heroin abuse disorders from 1001 in 2001 to 1357 in 2012.

Health Coverage in New Hampshire (2010-2011)



Source: New Hampshire Insurance Department

- Inpatient and residential alternatives to New Hampshire Hospital have diminished since the 1990s. There were 236 voluntary inpatient beds across the state in 1990 and 186 beds in 2008, and the number of community Designated Receiving Facility (DRF) beds has decreased in the 2000s from 101 to currently 18.
- According to an analysis of New Hampshire Vital Records and birth certificate data, 7.6% of singleton babies, or 262 of 3,543 were born with a low birth weight (<2,500 grams) in CY2012. It is widely known that there is an association between smoking tobacco, maternal periodontal disease and preterm birth and/or low birth weight.

Source: UHF America's Health Rankings
Source: State Health Improvement Plan

Current Challenges Within the Health Delivery System

New Hampshire's approach to health care reform has been developed in response to the following challenges, organized by category, that the health delivery system faces:

Fragmentation, lack of alignment, and limited capacity in health delivery system

- System of care is not geared/designed toward improving population health
- Excess capacity for and/or duplication of some services with no resulting difference in quality or access
- Lack of a robust network to meet new mental health and substance use disorder needs

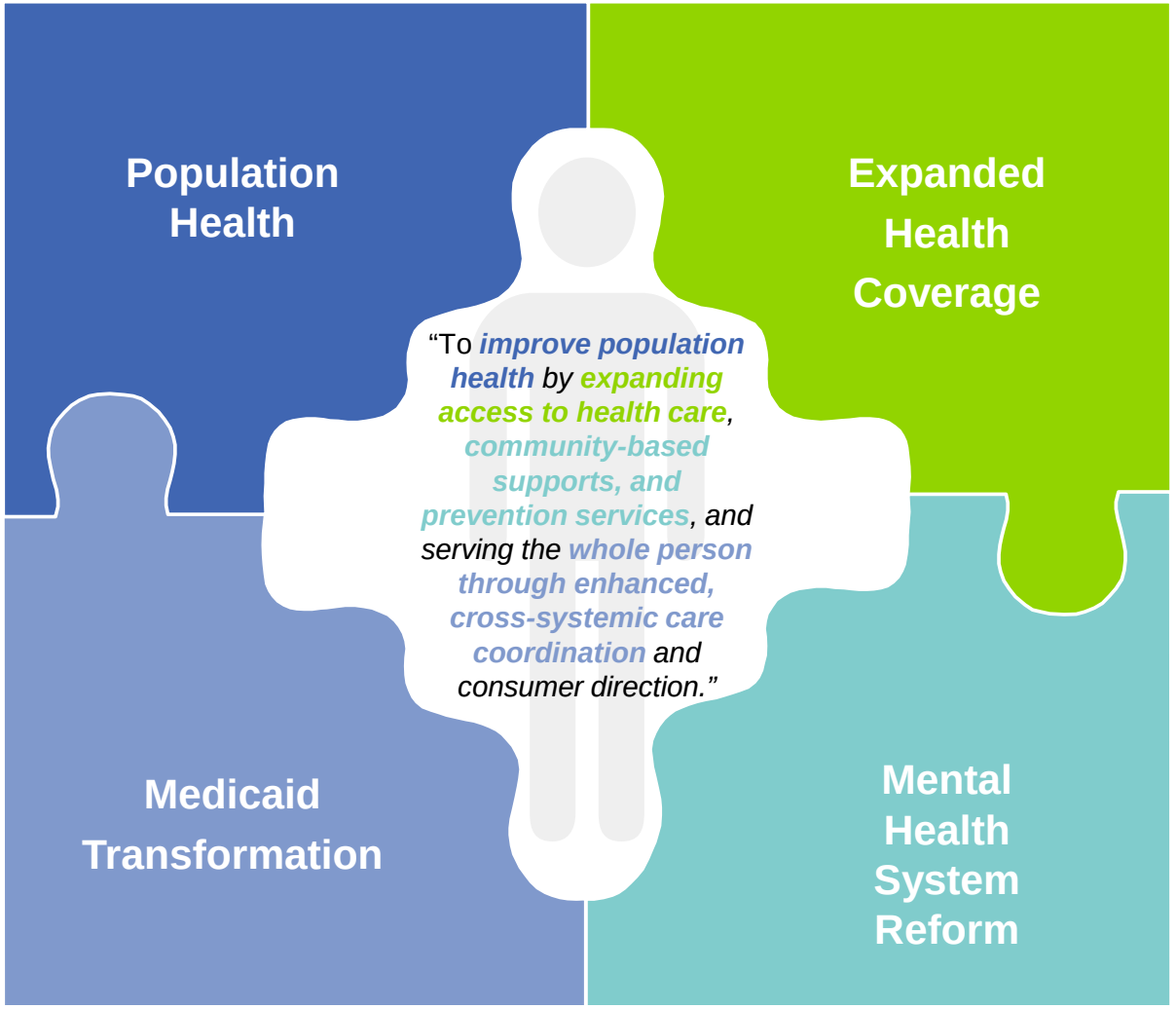
Inappropriate financial incentives, payments, and/or funding

- Financial incentives not aligned so that the delivery system becomes less costly, while providing quality services
- Financial incentives not based upon standard quality outcome measures across all payers in the State, including Medicare and Medicaid
- A variation in Medicaid payment rates between State Plan services and Waiver services

Early stages of implementing transformation initiatives

- Broad provider interest in adopting Triple Aim-related reforms, yet concerns remain over the economic impact of these reforms
- Completing the transition from a Fee-for-Service program to a new Medicaid Care Management (MCM) program
- Concern over the capabilities of safety-net providers is a limiting factor in adopting transformative policies and infrastructure

NHHCR Mission



DHHS Organizational Redesign to Support a Whole Person Approach to Service Delivery

NHHCR Goals

The overall goals of New Hampshire's approach to health care reform are to:

Quality — Improve the patient experience of accessing and receiving care in New Hampshire

Outcomes — Improve the health of our populations and communities

Cost — Reduce health care costs through improvements in our delivery system

NHHCR Strategies

In alignment with the previously defined goals, New Hampshire's approach to health care reform focuses on a set of defined strategies:

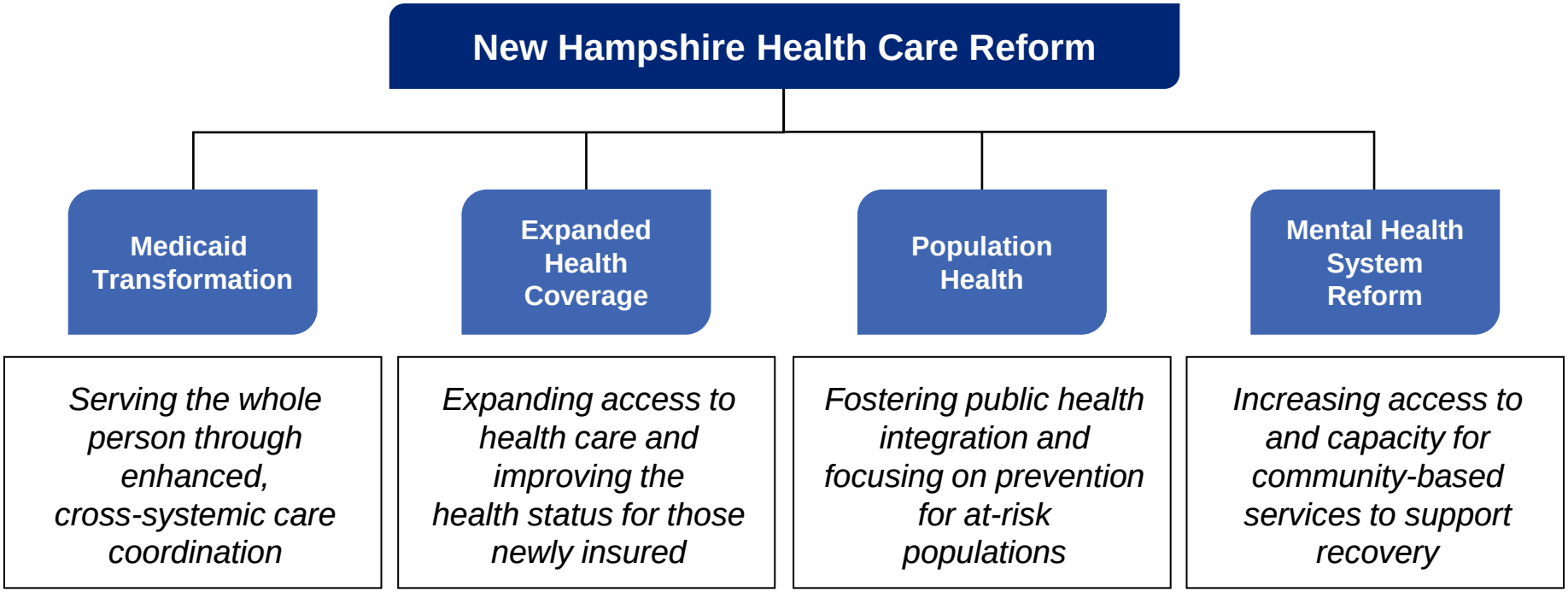
- Improve and expand access to health care and community-based supports
- Address cross-systemic needs (DD, MH, LTSS, SUD) through enhanced care coordination
- Empower the individual to make informed decisions and participate in directing their care

- Foster public heath integration and concentrate on population health
- Focus on prevention for at-risk populations
- Adopt a "whole person" approach to service delivery

- Deliver cost-effective, community-based services and supports
- Ensure provider quality and accountability
- Practice data-driven decision making

New Hampshire Health Care Reform (NHHCR)

NHHCR Approach Overview



NHHCR Approach

New Hampshire Health Care Reform

Medicaid Transformation

Medicaid Care Management

Step 1
- PCMH
- Addressing determinants of health
- Focus on quality

Step 2
- Mandatory Enrollment

Long Term Care Reform
- "No Wrong Door" policy
- Shift eligibility criteria to include at-risk populations
- Equalize availability of services and use of consumer-directed budgets across waivers
- Cross-systemic care coordination
- Health Home

Substance Use Disorder Benefit
- Screening and intervention
- Inpatient/outpatient treatment

Expanded Health Coverage

NH Health Protection Program
- Mandatory HIPP Program
- Bridge Plan
- Mandatory Premium Assistance Program
- *Improving health care and health status for newly insured*

Population Health

State Health Improvement Plan
- Tobacco
- Obesity/Diabetes
- Heart Disease and Stroke
- Healthy Mothers and Babies
- Cancer Prevention
- Asthma
- Injury Prevention
- Infectious Disease
- Emergency Preparedness
- Misuse of Alcohol and Drugs

"Building Capacity" 1115 Waiver
- Community reform payment pool for hospitals and community providers
- (SUD) training and workforce development program
- Pilot expanded oral health program for pregnant women
- Statewide expansion of the InShape Program

Mental Health System Reform

Community Mental Health Plans
- Housing Bridge Subsidy Program
- Glencliff Alternative Beds
- Mobile Crisis Teams
- Community Crisis Apartments
- Assertive Community Treatment Teams
- Supported Employment
- Quality Assurance
- Integration of behavioral health with primary care

NH's "Building Capacity for Transformation" Section 1115 Demonstration Waiver

Background and Overview

- As part of its overall approach to health care reform, the New Hampshire Department of Health and Human Services (DHHS) is applying for a Section 1115 Demonstration Waiver from the Centers for Medicare and Medicaid Services (CMS).
- The initiatives proposed within the “Building Capacity for Transformation” Waiver will include improvements to the delivery of mental and physical health services, substance use disorder (SUD) screenings and treatment services, population health programs, and oral health related services.
- DHHS has designed five specific programs that it will propose to obtain Designated State Health Program (DSHP) funding from CMS through the “Building Capacity for Transformation” Waiver.
- The funding sources DHHS has identified as potential DSHP match resources include SFY2015 Biennial Budget mental health general funds, 10 Year Mental Health Plan/DOJ Settlement funds, Department of Corrections funds, county-level correctional health funds, and municipality-level health administration funds.
- DHHS will submit its “Building Capacity for Transformation” Waiver application to the State Fiscal Committee on May 23, 2014 and to CMS on June 1, 2014, per the Senate Bill (SB) 413 requirement.
- The following slides outline potential DSHP funding sources, preliminary program designs for the five DSHP programs, a timeline that depicts the review and public comment period, and budget neutrality and program evaluation approaches for the “Building Capacity for Transformation” Waiver.

Potential DSHP Funding Sources

State of New Hampshire Health Care Funding Summary of Potential DSHP Resources*	
Funding Sources	**Funding Amount**
State Funding Sources	
Department of Health and Human Services SFY 2015 Biennial Budget	
Glencliff Home General Funds	$7,544,949
New Hampshire Hospital General Funds	$24,650,441
Sununu Youth Services Center General Funds	$14,683,277
Department of Health and Human Services 10 Year Mental Health Plan/DOJ Settlement	$3,227,000
Department of Corrections SFY 2015 Biennial Budget for Medical and Dental Services	$10,760,687
State Funding Sources Total	**$60,866,354**
County Funding Sources	
Correctional Medical/Health Spending	**$6,093,757**
Municipality Funding Sources	
2013 Report of Appropriations Actually Voted (M-2 Form) reported to the Department of Revenue Administration	
Health Administration	$4,320,521
Health Agencies & Hosp. & Other	$7,367,123
Municipality Funding Sources Total	**$11,687,644**
Grand Total	**$78,647,755**

**** Please note that this list of unmatched health care funding only reflects potential sources for DSHP match and has not yet been reviewed and analyzed sufficiently to determine whether all the funds are potentially useable for DSHP matching purposes.***

Community Reform Pool

- Establish a community reform pool focused on mental health and physical health delivery system issues that includes hospitals, health systems, and other community providers (e.g. CMHCs, FQHCs, and/or RHCs) and contains the following five different components:

1. Capacity-retention Payments
    - A hospital would receive this payment if it pledges not to reduce access to mental health/SUD related services in their health system
    - This payment could be **10%** of the hospital's existing Medicaid claim payments for mental health/SUD related services in their system, based on previous years. This payment would be in place each year of the five year waiver program.

2. Capacity-expansion Payments
    - If a hospital, health system, and/or other community provider expands its capacity to provide mental health/SUD related services, DHHS would pay an enhanced rate for those services provided through the new "unit" for **3 years**, using a **25%** payment increase

3. New Service Payments
    - If a hospital, health system, and/or other community provider adds inpatient OR outpatient mental health/SUD related services, DHHS would pay an enhanced rate for those services for **3 years**, using a **10%** payment increase

Community Reform Pool (Continued)

- Establish a community reform pool focused on mental health and physical health delivery system issues that includes hospitals, health systems, and other community providers (e.g. CMHCs, FQHCs, and/or RHCs) and contains the following five different components:

4 Pilot Program Pool

- Establish a pool for DHHS to fund grant applications from hospitals, health systems, and/or community providers to form pilots related to improving the delivery and coordination of physical health, mental health, and/or SUD treatments and services, especially for individuals with physical and mental health co-morbidities
- Grant applications would be evaluated by DHHS based upon a defined set of criteria and will be aligned with DHHS' incentive program with its MCOs to encourage payment and delivery reform

5 Incentive Pool

- Establish a pool that would begin to provide financial incentives in Year 3 of the demonstration, based upon a hospital, health system, and/or community provider's ability to meet defined outcome measurements
- This incentive pool would be funded by a **20%** holdback in all four components of this broader community reform pool
  - These hold backs will begin to accrue in Year 2 of the demonstration

Community Based Mental Health Services

- New Hampshire is requesting Designated State Health Program (DSHP) funding to help implement the components of its 10 Year Mental Health Plan and its settlement with the United States Department of Justice, referred to as the *Community Mental Health Agreement (CMHA)*.
    - Specifically, DHHS is proposing to use DSHP funding to help implement these new community-based programs in the State's **non-Medicaid** population.

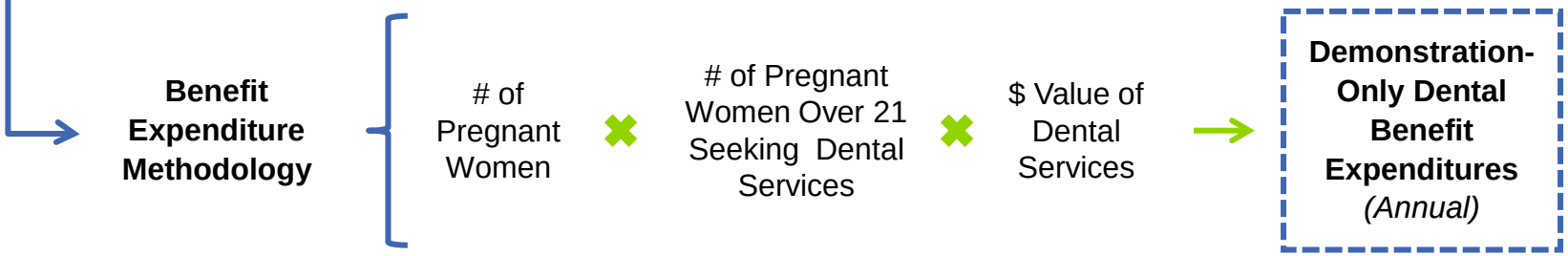
10 Year Mental Health Plan / CMHA Settlement Programs		
Mental Health Program Name	**Included As Part Of**	**Unmatched Funding Amount in SFY15**
DRF - Community (Cypress like model)	10 Year MH Plan	$337,500
Residential - 62 beds	10 Year MH Plan	$155,000
Expand REAP Program	10 Year MH Plan	$50,000
2 Peer-run Crisis Respite Beds	10 Year MH Plan	$75,000
Assertive Community Treatment (ACT) - 4 adult teams	10 Year MH Plan	$228,000
ACT - 1 child team	10 Year MH Plan	$70,000
ACT - 5 child teams	10 Year MH Plan	$350,000
Housing Bridge Subsidy Program	10 Year MH Plan	$545,000
Housing Bridge Subsidy Program	CMHA Settlement	$408,750
Mobile Crisis Teams	CMHA Settlement	$44,250
Community Crisis Apartments	CMHA Settlement	$128,475
ACT Teams - Bring 11 current Adult ACT teams to fidelity	CMHA Settlement	$640,000
ACT Teams - Add 12th and 13th Adult ACT teams	CMHA Settlement	$56,500
Quality Assurance	CMHA Settlement	$50,908
Expert Reviewer	CMHA Settlement	$87,500
Total		**$3,226,883**

Substance Use Disorder (SUD) Workforce Development

- Establish a fund for training education and workforce development programs focused on SUD treatment in which hospitals, health systems, and/or community providers would apply and DHHS would administer
- Curriculum components would include, but are not limited to, the following:
  - Crisis intervention
  - Crisis stabilization
  - ER and related continuum of care
  - Related mental health comorbidities
  - Neonatal abstinence syndrome (NAS)

Oral Health Pilot Program

- Pilot an expanded Medicaid oral health program for pregnant women and mothers of young children that accomplishes the following:
  - Establishes an education program for <u>all</u> mothers to increase the understanding and value of oral health for themselves and their children
  - Enhances the existing tobacco cessation benefit for pregnant women and encourages participation by <u>all</u> mothers who smoke in an approved tobacco cessation program
  - Establishes a benefit that provides coverage for dental services to <u>all</u> *pregnant women* during pregnancy until their child's *fifth birthday*
    - This will include pregnant women <u>over the age of 21</u> who are not currently eligible for any comprehensive Medicaid dental services
    - This will include pregnant women <u>under the age of 21</u> who are currently eligible for Medicaid dental services through EPSDT



InShape Program Expansion

- A Medicaid grant was awarded to the State Medicaid Agency to measure the impact of incentives for healthy behavior to the Medicaid population. One component of this grant was to expand the InShape Program statewide to community mental health centers (CMHCs) via Dartmouth, which expires in 2016.
- Establish a funding pool to continue and expand this program by awarding grant applications from hospitals, health systems, and/or community providers to implement an InShape Program that expands to do the following:
  - Include children with severe mental illness, not just adults, as participants
  - Include 1915(c) Developmentally Disabled waiver enrollees as participants
  - Add **smoking cessation** as a component for participants who smoke

- The rate of tobacco use among people with a substance use disorder or mental illness is 94% higher than among adults without these disorders
- Approximately 50% of people with mental illnesses and addictions smoke, compared to 23% of the general population
- People with mental illnesses and addictions smoke half of all cigarettes produced, yet are only half as likely as other smokers to quit

Budget Neutrality

- DHHS is working with the State actuary, Milliman, to develop a budget neutrality approach for its "Building Capacity for Transformation" Waiver.
- The budget neutrality approach is currently under development, but is likely to follow the basic approach described below:
    - The baseline historical data will include five full years of New Hampshire Medicaid expenditures derived from CMS-64 reports and related enrollment data from calendar year (CY) 2008 to CY 2012.
    - The projected "without waiver" expenditures will reflect the following changes between the baseline and waiver periods:
        - Enrollment trends, reflecting any anticipated trend differences by eligibility category (e.g., low income children and families, Medicaid-only disabled, and dual eligibles)
        - Medical service trends
        - Impact of known program changes (e.g., the impact of the Department of Justice settlement on behavioral health services)
        - Excludes the impact of New Hampshire's Medicaid Care Management program that was implemented on December 1, 2013

Budget Neutrality (Continued)

- The projected expenditures under the proposed “Building Capacity for Transformation” Waiver will reflect the following changes to the “without waiver” projections:
  - Managed care savings resulting from the December 1, 2013 implementation of the Medicaid Care Management program for acute care services (i.e., “Step 1” services) and future implementation of care management for long term services and supports (LTSS)
  - Trend differences due to Medicaid Care Management program implementation
  - The estimated net financial impact of the proposed Designated State Health Program (DSHP) services included in the 1115 waiver, considering both the increased costs related to the new services, payment enhancements, and incentives, as well as offsetting savings to the system such as:
    - Expanding New Hampshire’s mental health infrastructure is expected to reduce preventable inpatient mental health admissions and readmissions and reduce other acute care costs because mental health and substance use disorder conditions will be better managed
    - The DSHP oral health program for pregnant women and mothers is expected to reduce occurrences of young children and their mothers hospitalized for emergency dental treatment as well as reduce incidences of low birth weight babies and babies born with complications

Program Evaluation

- DHHS will submit an evaluation design for its “Building Capacity for Transformation” Waiver no later than 120 days after CMS approves the Waiver.
- The overarching objective of the “Building Capacity for Transformation” Waiver is that implementation of the five DSHPs will result in better care for individuals (including access to care, quality of care, health outcomes), better health for the population, and lower cost through improvement.
- The State will test the following research hypotheses through its “Building Capacity for Transformation” Waiver:
    - Maintaining and increasing access to mental health services will lead to improvement in the overall health status of the Medicaid population
    - Supporting community based delivery system reforms will result in improved access to mental health, SUD, and physical health services
    - Increasing SUD workforce development opportunities for health care providers will result in the increased capacity to provide needed SUD treatments and services
    - Expanding successful community public health programs statewide will improve health and wellness of those who participate
    - Offering dental coverage to pregnant women until their child’s fifth birthday will reduce the frequency of low birth weight babies, babies born with complications, and improve the oral health status of mothers and their young children

Program Evaluation (Continued)

- The design and improvements made by each DSHP program will demonstrate that by spending Medicaid dollars differently, DHHS can provide better health outcomes for its Medicaid clients, and these outcomes will be defined and measured throughout the length of the Waiver.
- The State's evaluation design for its "Building Capacity for Transformation" Waiver will:
    - Test the set of hypotheses presented on slide #26
    - Describe specific outcome measures that will be used in evaluating the impact of each Demonstration-related program during the period of approval;
    - Detail the data sources and sampling methodologies for assessing these outcomes;
    - Describe how the effects of all Demonstration-related programs will be isolated from other initiatives occurring in the State; and
    - Discuss the State's plan for reporting to CMS on the identified outcome measures and the content of those reports.

"Building Capacity for Transformation" Waiver Timeline